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Missouri Department of Insurance Statistics Section October 1997

MISSOURI LEGAL MALPRACTICE INSURANCE REPORT 1996

Missouri Department of Insurance Statistics Section October 1997

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LEGAL MALPRACTICE INSURANCE REPORT EXECUTIVE SUMMARY

This report summarizes the legal malpractice insurance experience in Missouri from 1986 to 1996.

The charts, graphs and tables in this report, which contain closed claim information, were constructed from data collected by the Missouri Department of Insurance as required by Section 383.077 RSMo. The premium and loss data, obtained from the Missouri Page 15 Supplement to the companies' annual statements, are presented in the final section.

In 1996 the loss ratio for legal malpractice insurance in Missouri was 52 percent which was a decrease from the 1995 loss ratio of 72 percent. Of all claims closed¹, 454 (23%) were closed with payment. The total claims closed in 1996 was 292, a 39 percent increase from the previous year.

The cost to an insurer for settling legal malpractice cases - the loss adjustment expense, or LAE, (i.e. legal fees, claims adjustment costs, etc.) - has fluctuated over the past 11 years. In 1996, the average loss adjustment expense for all claims closed with payment was \$37,265, while the expenses for all claims, closed with or without payment, averaged only \$10,465. During a span of 11 years, the highest average loss adjustment expense for claims closed with payment occurred in 1989 at \$91,766.

In producing this report, indemnities paid on closed claims have been categorized by various claim characteristics. The number of closed claims, average paid claim, and the total amount paid are included.

The categories used for the indemnity analysis are:

- Area of law in which the insured was retained by the claimant
- Major activity in which the lawyer was engaged at the time the alleged error or omission occurred
- Alleged error or omission which was the most significant reason for making the claim
- The legal disposition of the claim at the closing date
- The number of years the insured had been in practice at the time of the alleged error or omission
- The relationship of the insured to the claimant

¹Claims closed in 1996 may have resulted from incidents in any previous period.

By area of law, the largest percentage of claims closed in 1996 (79 out of 292) were initiated by plaintiffs in *bodily injury/property damage cases (BI/PD - Plaintiff)*.

Dissatisfaction regarding consultation or advice resulted in the highest average paid claim in 1996 at \$541,071. However, the largest proportion of all claims closed in 1996, as well as the 11 years, occurred during the commencement of action or proceeding. Planning or strategy error was the most common reason stated for filing a claim in 1996, and the alleged error generated the largest number of claims over the 11-year span with 239, followed by failure to know or properly apply the law with 193 closed claims. Forty-nine percent (49%) of all claims paid during 1996 were settled before trial or hearing on the alleged malpractice.

In the last two sections of the indemnity analysis - years admitted to practice and insured/claimant relationship - only the 11-year and current year experience is reported. The three spans of years admitted to practice are: under 4 years, 4 to 10 years and over 10 years. The largest proportion of losses eighty percent (80%) occurred in the last subdivision, over 10 years admitted to practice. The insured's relationship to the claimant is partitioned into four subclasses: free legal service, non-client, member of pre-paid legal plan and client other than the preceding. The most claims occurred in the category of client other than the preceding (i.e., client who did not receive free legal service and who is not a member of a pre-paid legal plan).

Only 10 companies have reported writing legal malpractice insurance and submitted closed claim data in Missouri during 1996. The Bar Plan Mutual Insurance Company has commanded at least 72 percent of the legal malpractice insurance market in this state, each year, since 1986.

This report was compiled using information submitted by insurance companies. As a result, the accuracy of this report is dependent upon the correctness of each company's data. Copies of this report will be made available in braille, large print, or on audio cassette upon request. Any questions regarding this report should be addressed to the Statistics Section, Missouri Department of Insurance, P.O. Box 690, Jefferson City, MO 65102-0690.

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Other Publications Available

The Missouri Department of Insurance publishes the following reports. These reports are available by sending a written request along with the payment of \$35.00 to the Missouri Department of Insurance, P.O. Box 690, Jefferson City, MO 65102-0690.

Missouri Department of Insurance Annual Report
Missouri Medical Malpractice (Closed Claim) Report
Missouri Real Estate Malpractice (Closed Claim) Report
Missouri Market Share Report
Missouri Products Liability (Closed Claim) Report
Missouri Health Maintenance Organization Report
Missouri Complaint Index Report
Missouri Life, Accident & Health Supplement Report
Missouri Commercial Liability Report
Mortgage Guaranty Report

Databases Available

Medicare Supplement Experience Data
Property & Casualty Supplemental Data
Missouri Zip Code Insurance Data for Homeowners/Dwelling Fire,
Farmowners (dwelling only), Mobile Home, Earthquake and Private Passenger Automobile

Some data is available to the public for a fee by special request only. For additional information, contact the Statistics Section at 573/751-4126.

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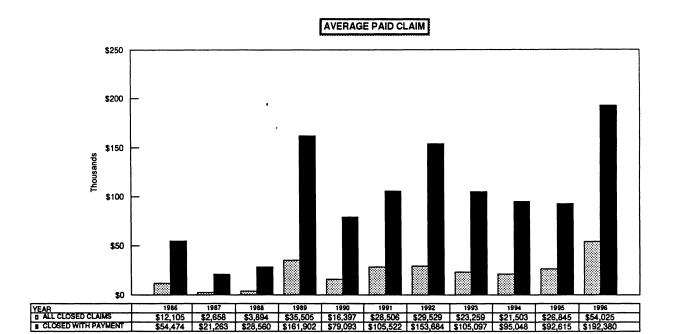
ELEVEN YEAR SUMMARY (1986-1996)

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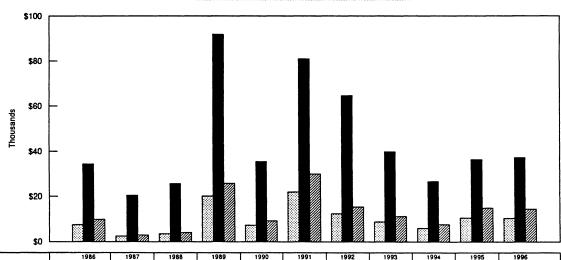
LEGAL MALPRACTICE EXPERIENCE ELEVEN YEAR SUMMARY (1986 - 1996)

			INDEMNITY PAID		LOSS E	XPENSES
Closed Claims	Number of Claims	Percent of Claims	Total Claims Paid	Average Claim Paid	Total Expenses Paid	Average Expense Paid
All Closed Claims	1,967	100.0%	54,004,521	27,455	20,940,369	10,646
Closed with Payment	454	23.1%	54,004,521	118,953	14,631,806	32,229
Closed without Payment	1,513	76.9%	0	0	6,308,563	4,170
Claims Settled Through Court Proceedings	200	10.2%	9,179,872	45,899	5,770,754	28,854
Court Proceedings Resulting in Payment	38	1.9%	9,179,872	241,576	3,331,324	87,666

MISSOURI LEGAL MALPRACTICE INSURANCE

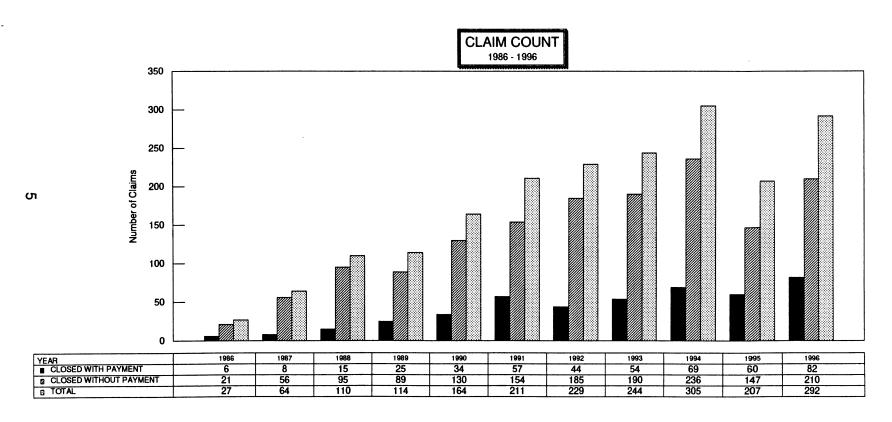


AVERAGE PAID LOSS ADJUSTMENT EXPENSE



YEAR	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
a ALL CLAIMS	\$7,614	\$2,547	\$3,497	\$20,124	\$7,338	\$21,882	\$12,435	S8,811	\$6,002	\$10,574	\$10,465
■ CLOSED WITH PAYMENT	\$34,264	\$20,373	\$25,647	\$91,766	\$35,393	\$81,000	\$64,719	\$39,812	\$26,530	\$36,480	\$37,265
R CLOSED WITHOUT PAYMENT	\$Q 7Q0	62 910	\$4.050	\$25,777	CQ 257	C20 001	615 303	C11 215	£7.757	C14 DOO	\$14 EE1

MISSOURI LEGAL MALPRACTICE INSURANCE



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ELEVEN YEAR SUMMARY & 1996 SUMMARY BY AREA OF LAW

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LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS FOR YEARS 1986 - 1996

AREA OF LAW	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BI/PD - PLAINTIFF	509	169	37.22%	\$84,378	\$14,259,900	26.41%	\$5,540
BUSINESS TRANSACTION/COMMERCIAL LAW	215	40	8.81%	\$211,288	\$8,451,513	15.65%	\$3,540 \$13,131
REAL ESTATE	205	42	9.25%	\$107,895	\$4.531.598	8.39%	\$14,357
ESTATE, TRUST & PROBATE	198	51	11.23%	\$80,129	\$4,086,603	7.57%	\$7,931
FAMILY LAW	189	36	7.93%	\$69,284	\$2,494,242	4.62%	\$7,331 \$7,130
COLLECTION & BANKRUPTCY	162	41	9.03%	\$23,150	\$949,137	1.76%	\$5,071
BI/PD - DEFENDANT	102	15	3.30%	\$279,582	\$4,193,734	7.77%	\$5,391
CRIMINAL	100	5	1.10%	\$34,400	\$172,000	0.32%	\$2,611
SECURITIES (S.E.C.)	48	10	2.20%	\$742,058	\$7,420,577	13.74%	\$106,221
LABOR LAW	37	6	1.32%	\$103,924	\$623.543	1.15%	\$8,606
WORKERS COMPENSATION	36	8	1.76%	\$19.909	\$159,273	0.29%	\$1,468
CORPORATE & BUSINESS ORGANIZATION	34	7	1.54%	\$518,571	\$3,630,000	6.72%	\$19,219
TAXATION	32	8	1.76%	\$53,100	\$424,799	0.79%	\$18,875
LOCAL GOVERNMENT	28	1	0.22%	\$6.500	\$6.500	0.01%	\$1,519
CIVIL RIGHTS & COMMISSION	27	ż	0.44%	\$58,000	\$116,000	0.21%	\$6,233
PATENTS, TRADEMARKS, COPYRIGHTS	17	3	0.66%	\$22,932	\$68,796	0.13%	\$4,825
CONSTRUCTION (BUILDING CONTRACTS)	11	5	1.10%	\$111,479	\$557,393	1.03%	\$19,424
CONSUMER CLAIMS	5	1	0.22%	\$96,651	\$96,651	0.18%	\$39,427
GOVERNMENT CONTRACTS & CLAIMS	5	,	0.44%	\$833,631	\$1,667,262	3.09%	\$65,363
IMMIGRATION & NATURALIZATION	3	ō	0.00%	\$0	\$0	0.00%	\$03,303 \$0
NOT SPECIFIED	2	1	0.22%	\$55.000	\$55,000	0.10%	\$23,127
ENVIRONMENT	1	i	0.22%	\$40,000	\$40,000	0.10%	\$0
INTERNATIONAL LAW	<u> </u>	<u>.</u>	0.00%	\$0	\$0	0.00%	\$0 \$0
TOTAL	1,967	454	100.00%	\$118,953	\$54,004,521	100.00%	\$10,646

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LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS CLAIMS CLOSED IN 1996

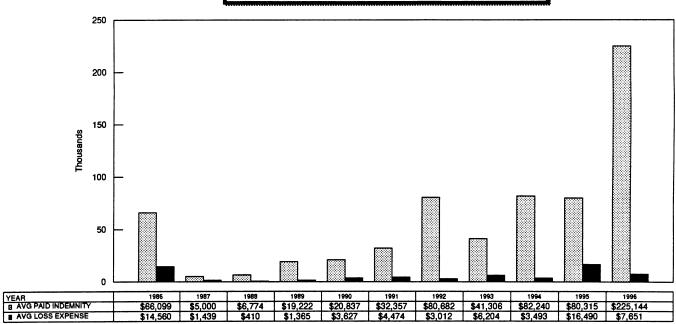
AREA OF LAW	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BI/PD - PLAINTIFF	79	32	39.02%	\$225,144	\$7,204,623	45.67%	\$7,651
FAMILY LAW	33	8	9.76%	\$46,688	\$373,500	2.37%	\$8,238
REAL ESTATE	33	6	7.32%	\$14,478	\$86,869	0.55%	\$11,749
ESTATE, TRUST & PROBATE	32	11	13.41%	\$67,485	\$742,337	4.71%	\$13,156
BUSINESS TRANSACTION/COMMERCIAL LAW	30	8	9.76%	\$666,438	\$5,331,500	33.80%	\$27,496
CRIMINAL	18	2	2.44%	\$78,750	\$157,500	1.00%	\$1,411
COLLECTION & BANKRUPTCY	17	4	4.88%	\$9,058	\$36,232	0.23%	\$5,319
BI/PD - DEFENDANT	13	3	3.66%	\$484,167	\$1,452,500	9.21%	\$6,155
TAXATION	.7	2	2.44%	\$55,500	\$110,999	0.70%	\$20,605
CIVIL RIGHTS & COMMISSION	5	0	0.00%	\$ 0	\$ 0	0.00%	\$8,861
CORPORATE & BUSINESS ORGANIZATION	5	1	1.22%	\$125,000	\$125,000	0.79%	\$4,461
LABOR LAW	5	2	2.44%	\$45,000	\$90,000	0.57%	\$21,027
WORKERS COMPENSATION	5	1	1.22%	\$4,100	\$4,100	0.03%	\$1,102
LOCAL GOVERNMENT	4	0	0.00%	\$ 0	\$ 0	0.00%	\$6,632
PATENTS, TRADEMARKS, COPYRIGHTS	4	2	2.44%	\$30,000	\$60,000	0.38%	\$511
CONSTRUCTION (BUILDING CONTRACTS)	1	0	0.00%	\$0	\$0	0.00%	\$0
SECURITIES (S.E.C.)	1	0	0.00%	\$0	\$0	0.00%	\$0
TOTAL	292	82	100.00%	\$192,380	\$15,775,160	100.00%	\$10,465

TRENDS OF THE TOP TEN AREAS OF LAW OF 1996

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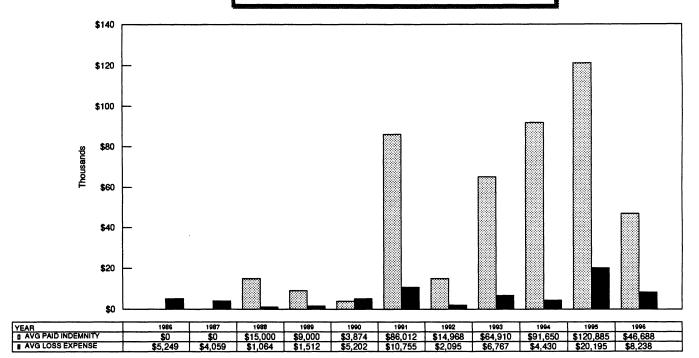
BI/PD - PLAINTIFF

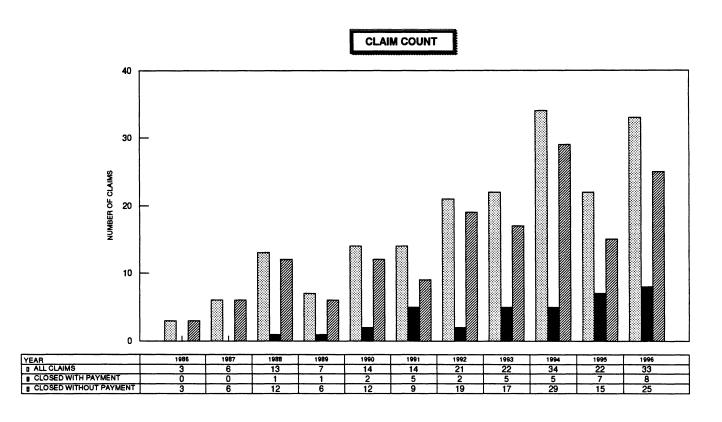
AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



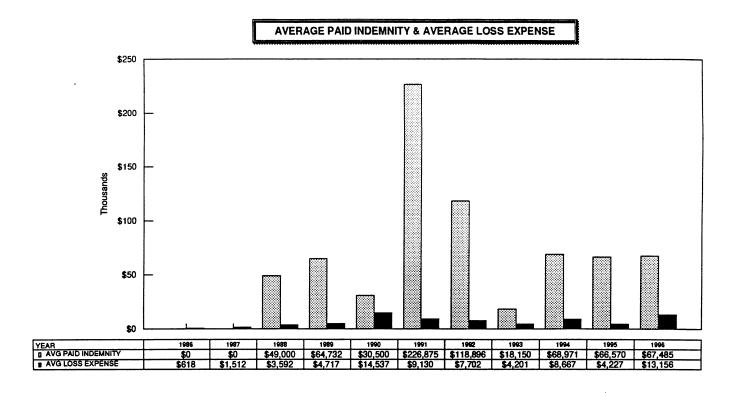
FAMILY LAW

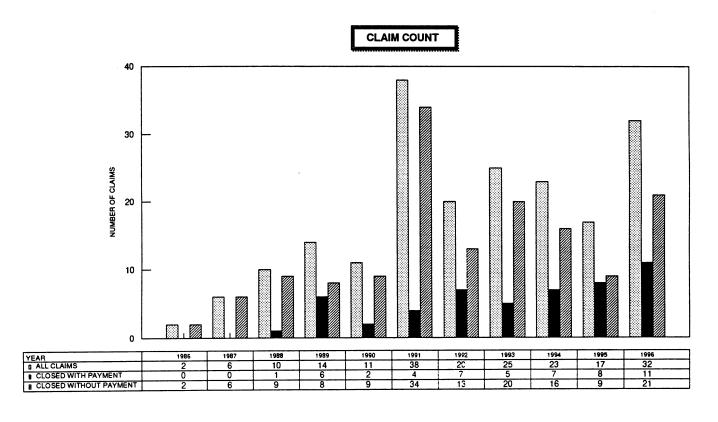
AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



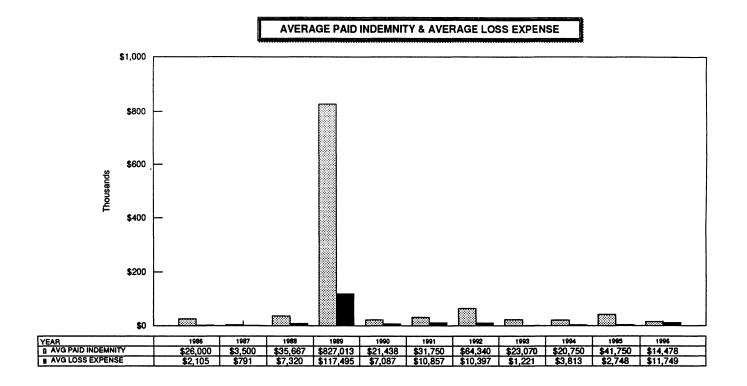


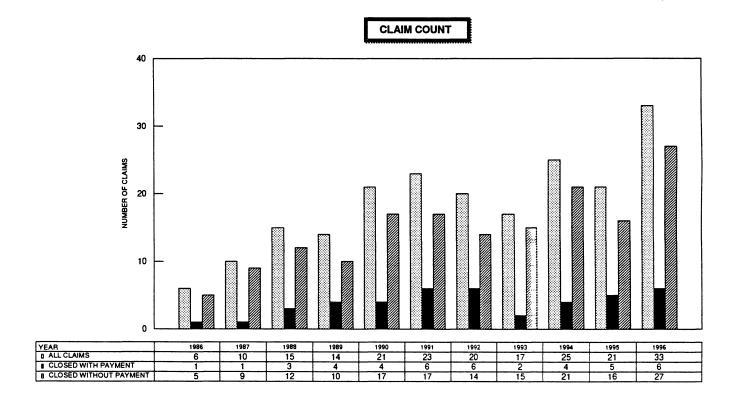
ESTATE, TRUST & PROBATE





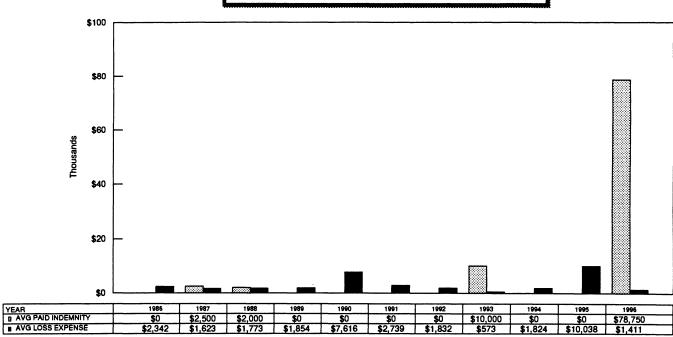
REAL ESTATE

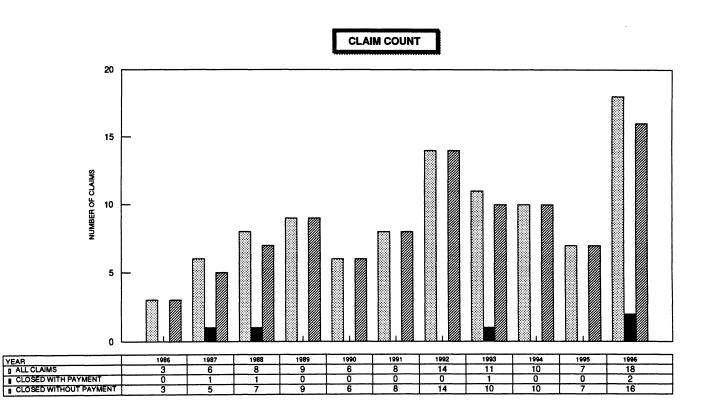




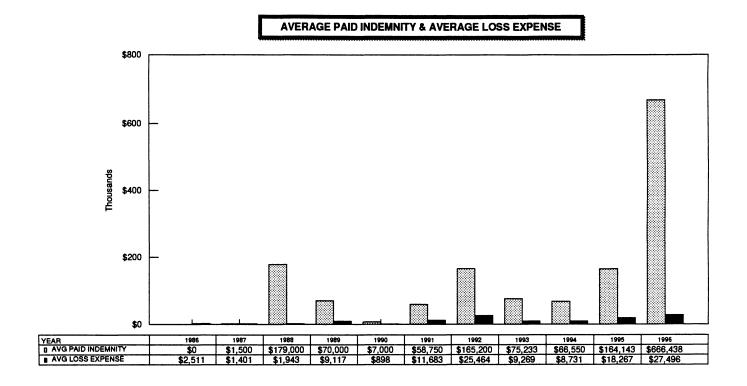
CRIMINAL

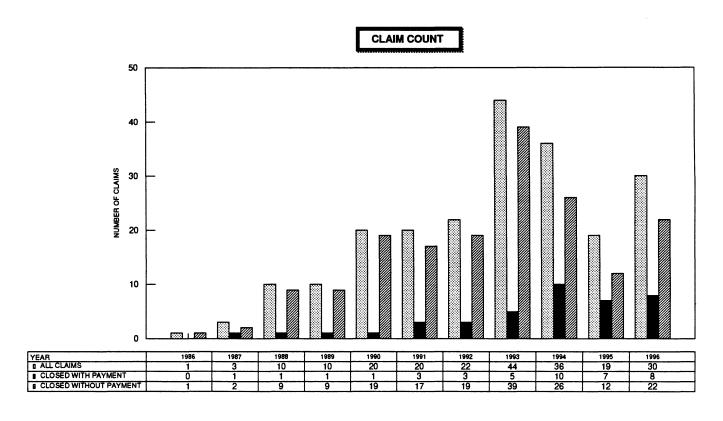
AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



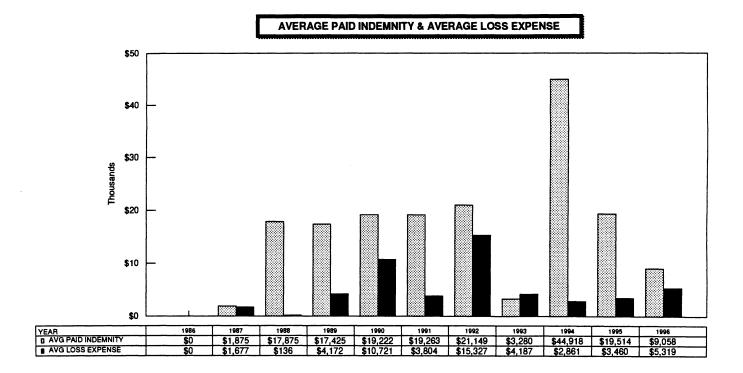


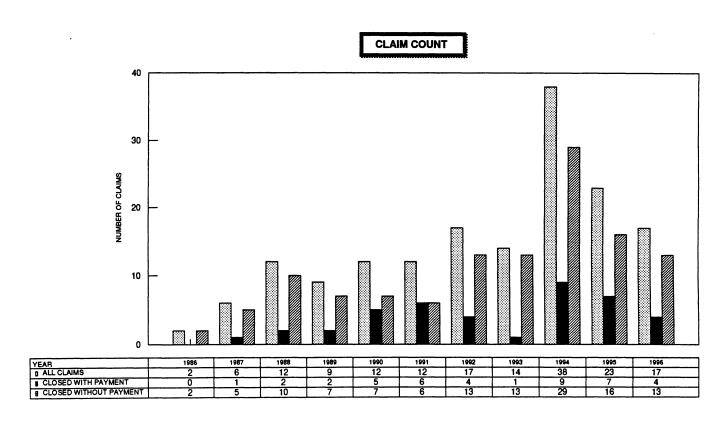
BUSINESS TRANSACTION/COMMERCIAL LAW



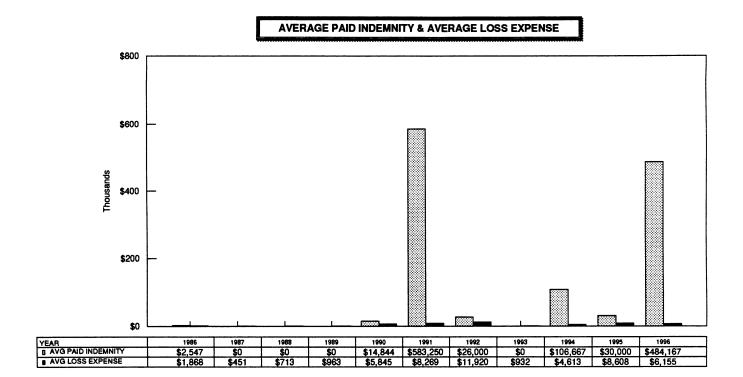


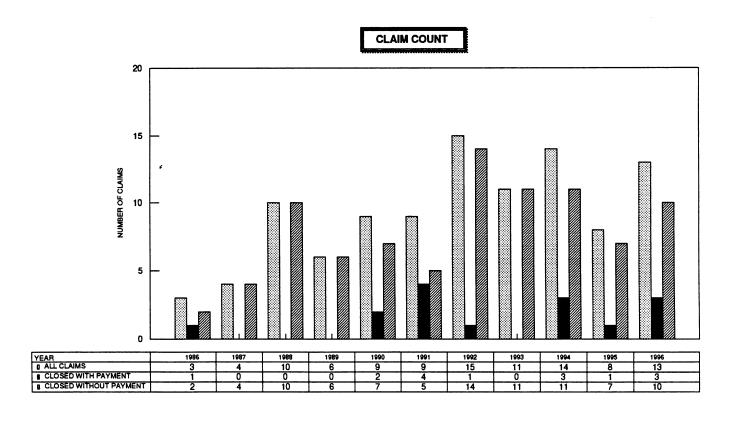
COLLECTION & BANKRUPTCY





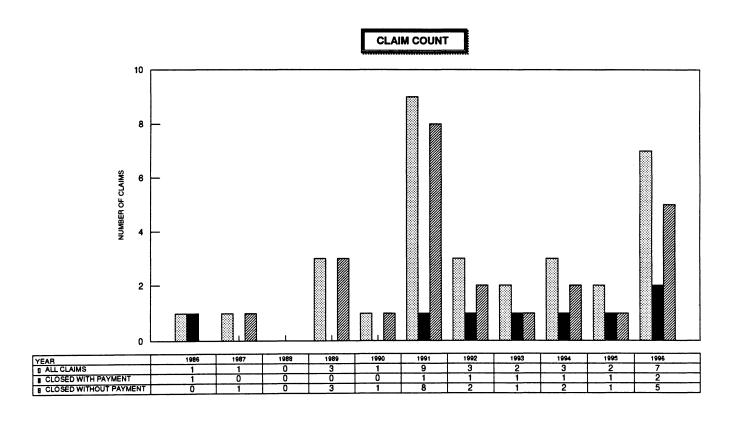
BI/PD - DEFENDANT



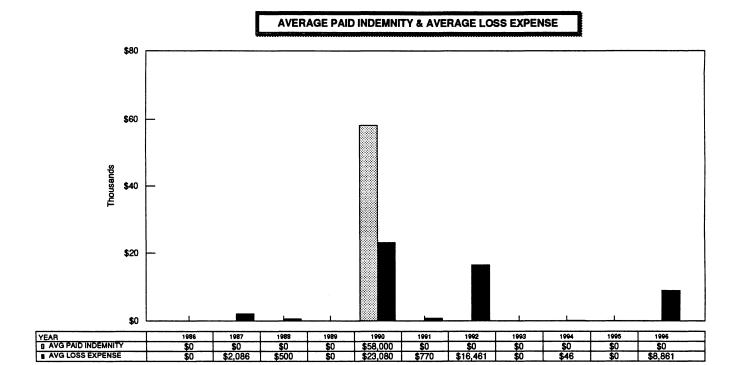


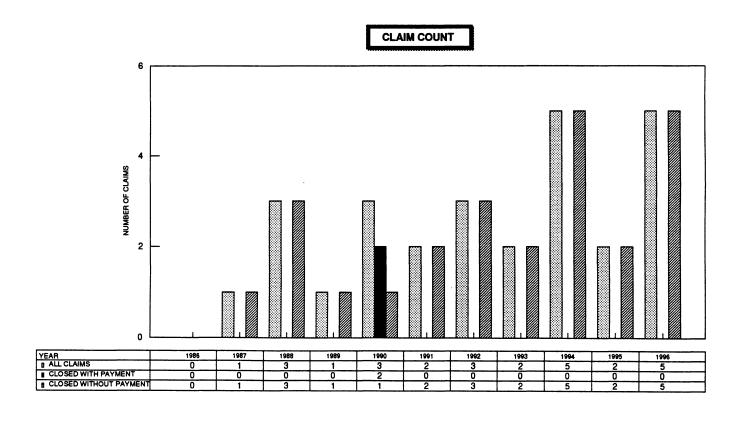
TAXATION

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CIVIL RIGHTS & COMMISSION





ELEVEN YEAR SUMMARY & 1996 SUMMARY BY MAJOR ACTIVITY

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LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS FOR YEARS 1986 - 1996

MAJOR ACTIVITY CODE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
COMMENCEMENT OF ACTION OR PROCEEDING	517	152	33.48%	\$65,309	\$9,927,007	18.38%	\$5,266
PRE-TRIAL, PRE-HEARING	244	53	11.67%	\$143,991	\$7,631,520	14.13%	\$5,314
SETTLEMENT AND NEGOTIATION	244	46	10.13%	\$148,463	\$6,829,303	12.65%	\$8,373
PREPARATION, TRANSMITTAL OR FILING	226	56	12.33%	\$70,711	\$3,959,837	7.33%	\$18,993
CONSULTATION OR ADVICE	199	41	9.03%	\$234,745	\$9,624,548	17.82%	\$18,438
TRIAL OR HEARING	106	16	3.52%	\$52,625	\$842,000	1.56%	\$4,647
OTHER	94	14	3.08%	\$293,575	\$4,110,045	7.61%	\$23,236
EXPARTE PROCEEDINGS	67	17	3.74%	\$70,096	\$1,191,633	2.21%	\$6,045
OTHER WRITTEN OPINION	59	13	2.86%	\$148,518	\$1,930,738	3.58%	\$12,929
INVESTIGATION, OTHER THAN LITIGATION	46	15	3.30%	\$255,880	\$3,838,197	7.11%	\$25,975
APPEAL ACTIVITIES	37	5	1.10%	\$33,689	\$168,445	0.31%	\$ 12,439
POST TRIAL OR HEARING	37	5	1.10%	\$11,300	\$56,500	0.10%	\$2,025
REFERRAL TO ANOTHER PROFESSIONAL	35	7	1.54%	\$485,782	\$3,400,477	6.30%	\$25,429
TITLE OPINION	33	5	1.10%	\$21,900	\$109,500	0.20%	\$6,524
TAX REPORTING OR PAYMENT	21	8	1.76%	\$41,221	\$329,770	0.61%	\$9,083
NOT SPECIFIED	2	1	0.22%	\$55,000	\$55,000	0.10%	\$23,127
TOTAL	1,967	454	100.00%	\$118,953	\$54,004,521	100.00%	\$10,646

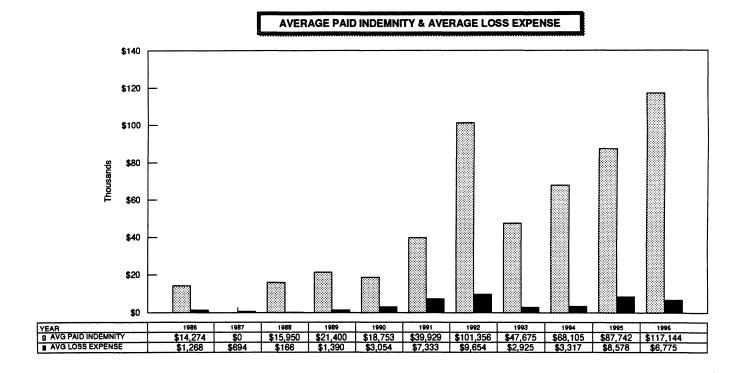
LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS CLAIMS CLOSED IN 1996

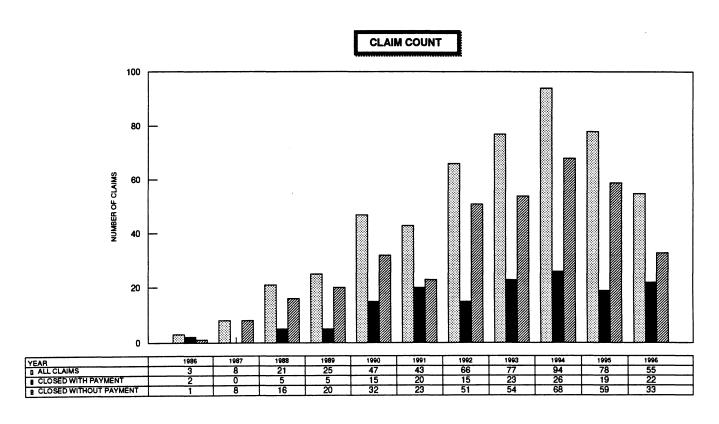
MAJOR ACTIVITY CODE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
COMMENCEMENT OF ACTION OR PROCEEDING	55	22	26.83%	\$117,144	\$2,577,163	16.34%	\$6,775
PRE-TRIAL, PRE-HEARING	52	14	17.07%	\$278,698	\$3,901,770	24.73%	\$9,712
SETTLEMENT AND NEGOTIATION	43	11	13.41%	\$250,286	\$2,753,145	17.45%	\$9,202
PREPARATION, TRANSMITTAL OR FILING	40	8	9.76%	\$137,256	\$1,098,048	6.96%	\$14,085
CONSULTATION OR ADVICE	25	7	8.54%	\$541,071	\$3,787,499	24.01%	\$25,202
TRIAL OR HEARING	23	2	2.44%	\$52,000	\$104,000	0.66%	\$2,220
OTHER	10	3	3.66%	\$96,311	\$288,933	1.83%	\$13,744
POST TRIAL OR HEARING	10	1	1.22%	\$46,000	\$46,000	0.29%	\$965
OTHER WRITTEN OPINION	7	4	4.88%	\$209,280	\$837,120	5.31%	\$27,989
EXPARTE PROCEEDINGS	5	3	3.66%	\$35,475	\$106,425	0.67%	\$6,100
INVESTIGATION, OTHER THAN LITIGATION	5	2	2.44%	\$122,500	\$245,000	1.55%	\$5,694
TAX REPORTING OR PAYMENT	5	1	1.22%	\$1,912	\$1,912	0.01%	\$4,436
TITLE OPINION	5	0	0.00%	\$0	\$0	0.00%	\$20,715
APPEAL ACTIVITIES	4	3	3.66%	\$6,048	\$18,145	0.12%	\$1,450
REFERRAL TO ANOTHER PROFESSIONAL	3	11	1.22%	\$10,000	\$10,000	0.06%	\$1,454`
TOTAL	292	82	100.00%	\$192,380	\$15,775,160	100.00%	\$10,465

TRENDS
OF THE TOP TEN
MAJOR ACTIVITY
OF 1996

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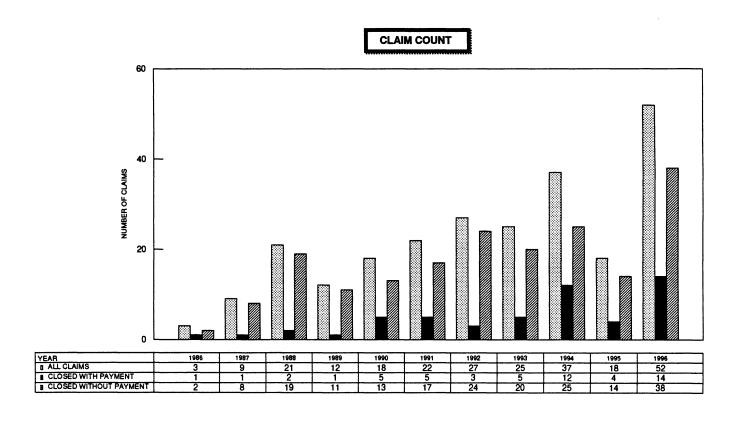
COMMENCEMENT OF ACTION OR PROCEEDING





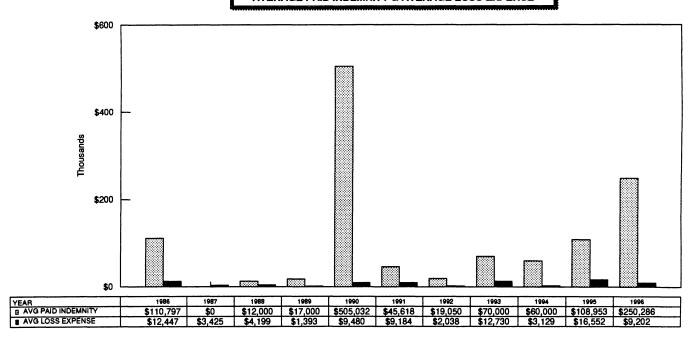
PRE-TRIAL, PRE-HEARING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE \$500 \$400 \$300 Thousands \$200 \$100 \$0 1990 1991 1992 1993 \$19,000 \$412,750 \$31,000 \$17,200 \$6,990 \$2,104 \$9,597 \$3,402 YEAR B AVG PAID INDEMNITY AVG LOSS EXPENSE 1988 \$5,250 \$584 1989 1995 1996 1987 \$2,500 \$1,257 \$20,000 \$1,330 \$46,000 \$278,698 \$2,609 \$9,712 \$7,500



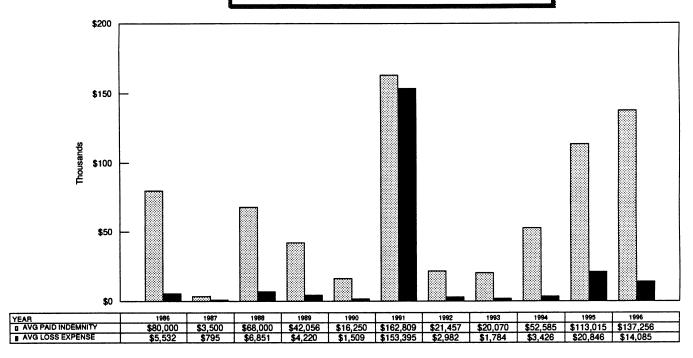
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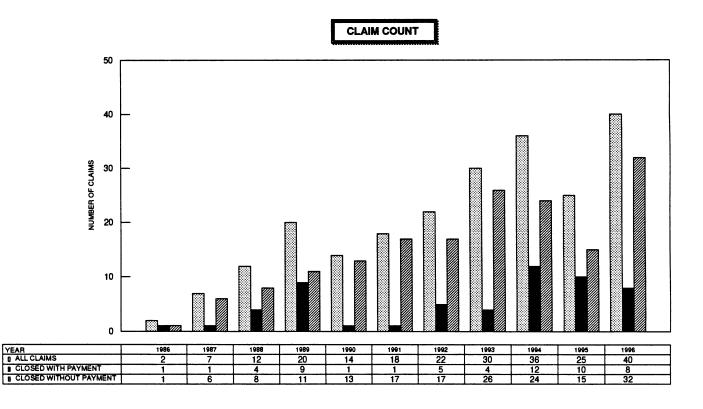
AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



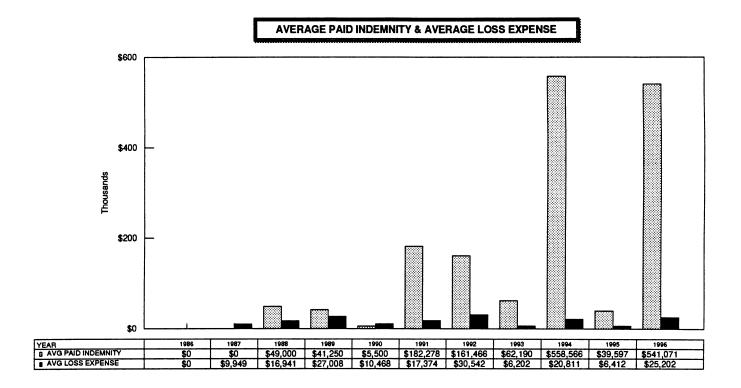
PREPARATION, TRANSMITTAL OR FILING

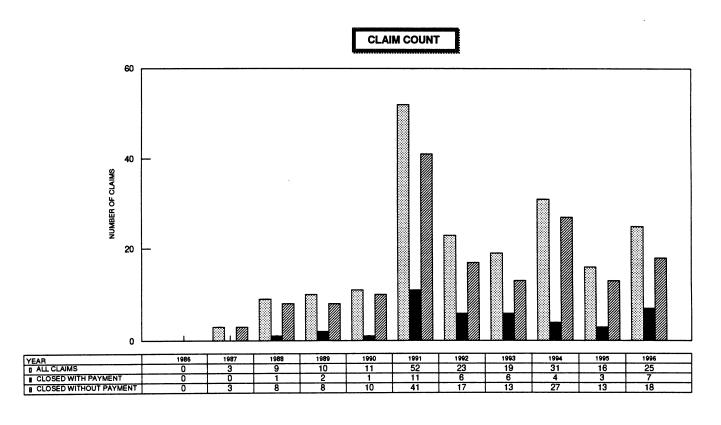
AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



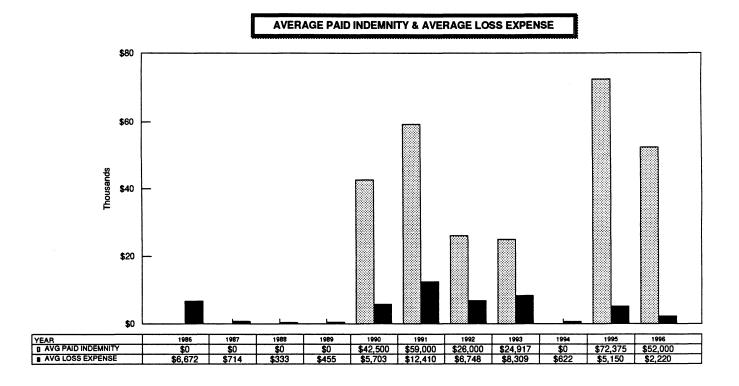


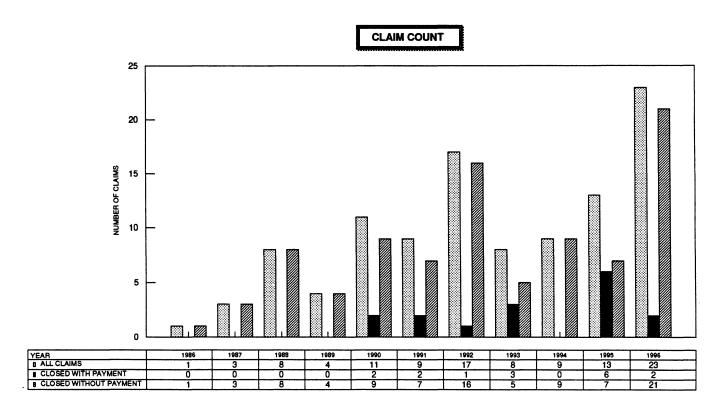
CONSULTATION OR ADVICE



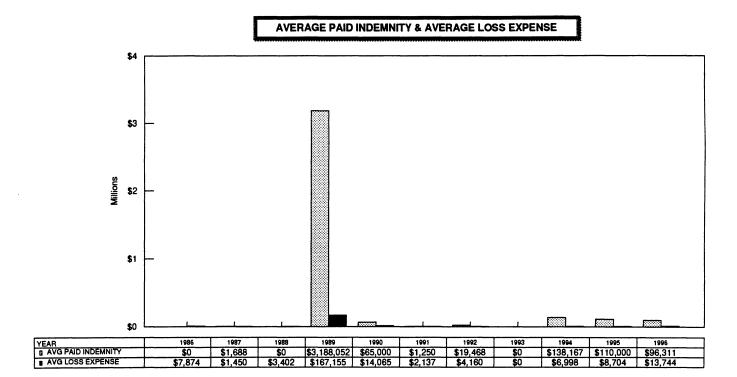


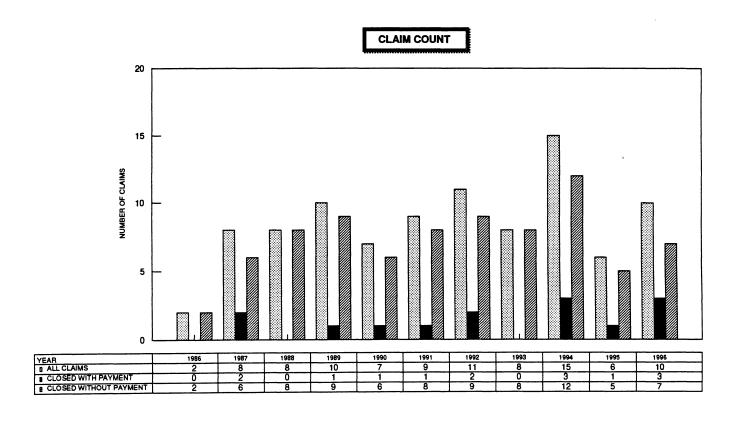
TRIAL OR HEARING



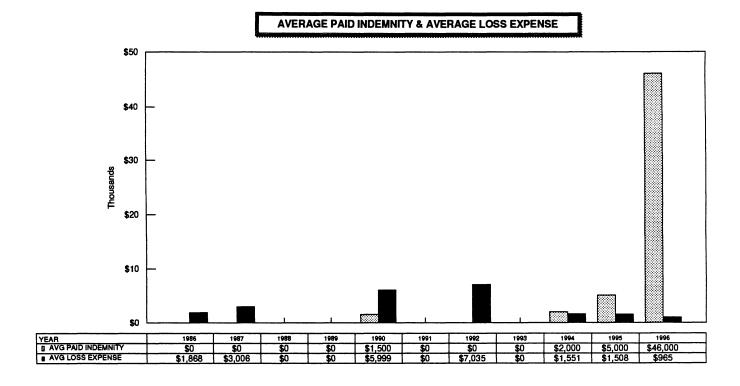


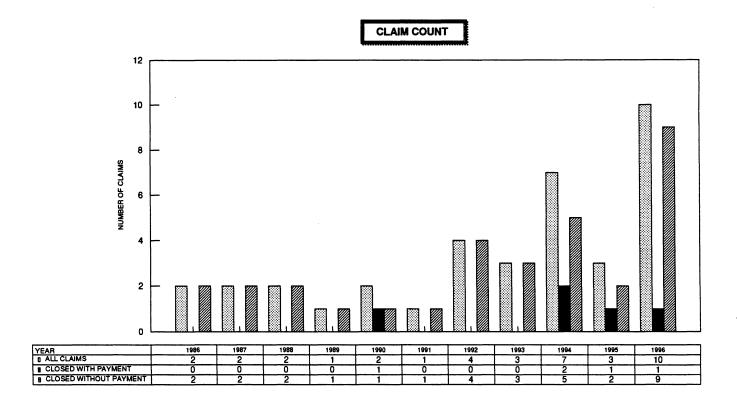
OTHER





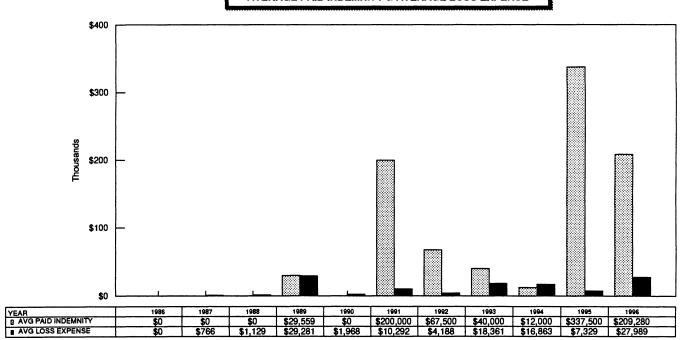
POST TRIAL OR HEARING





OTHER WRITTEN OPINION

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



EXPARTE PROCEEDINGS

\$150 - \$50 - \$50

1989

\$59,464 \$2,308

\$0 \$1,786
 1991
 1992
 1993
 1994
 1995
 1996

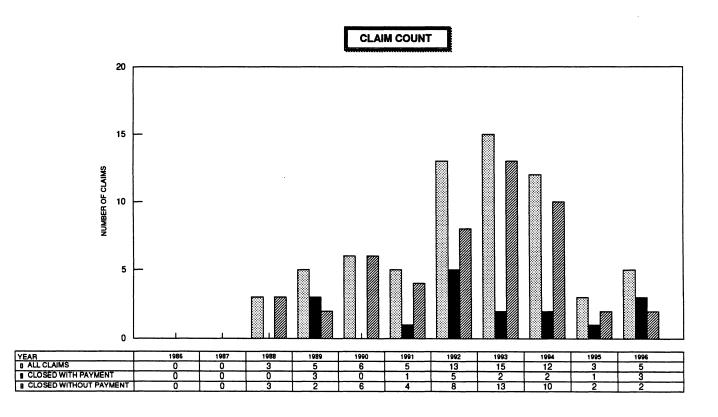
 \$3,000
 \$142,454
 \$19,375
 \$61,397
 \$30,000
 \$35,475

 \$1,961
 \$10,616
 \$3,893
 \$9,444
 \$11,389
 \$6,100

YEAR

B AVG PAID INDEMNITY

AVG LOSS EXPENSE



ELEVEN YEAR SUMMARY & 1996 SUMMARY BY ALLEGED ERRORS OR OMISSIONS

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LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS FOR YEARS 1986 - 1996

	ALL	NUMBER	PERCENT	AVERAGE		PERCENT	AVERAGE LOSS
	CLOSED	OF	OF	INDEMNITY PAID	TOTAL	OF	EXPENSE FOR ALL
ERROR OR OMISSION	CLAIMS	PAID CLAIMS	PAID CLAIMS	PER PAID CLAIM	INDEMNITY	TOTAL INDEMNITY	CLOSED CLAIMS
PLANNING OR STRATEGY ERROR	239	42	9.25%	\$146,883	\$6,169,086	11.42%	\$6,588
FAIL TO KNOW OR PROPERLY APPLY THE LAW	193	54	11.89%	\$131,554	\$7,103,938	13.15%	\$8,643
FAIL TO ASCERTAIN DEADLINE CORRECTLY	191	81	17.84%	\$58.827	\$4,764,964	8.82%	\$3,539
INADEQUATE INVESTIGATION	144	32	7.05%	\$174,404	\$5,580,938	10.33%	\$14,780
MALICIOUS PROSECUTION OR ABUSE OF PROCESS	126	17	3.74%	\$36,328	\$617,578	1.14%	\$6,746
PROCRASTINATION OR LACK OF FOLLOW-UP	124	29	6.39%	\$99,892	\$2,896,880	5.36%	\$3,698
CONFLICT OF INTEREST	120	29	6.39%	\$329,855	\$9,565,796	17.71%	\$12,589
FRAUD	109	12	2.64%	\$349,107	\$4,189,278	7.76%	\$47,725
FAILURE TO CALENDAR PROPERLY	106	39	8.59%	\$30,670	\$1,196,145	2.21%	\$2,929
FAIL TO OBTAIN CLIENTS CONSENT	101	21	4.63%	\$114,968	\$2,414,328	4.47%	\$14,302
FAIL TO FOLLOW CLIENTS INSTRUCTIONS	99	13	2.86%	\$37,788	\$491,250	0.91%	\$5,025
OTHER	97	19	4.19%	\$222,324	\$4,224,164	7.82%	\$27,535
VIOLATION OF CIVIL RIGHTS	75	2	0.44%	\$287,624	\$575,248	1.07%	\$4,612
FAIL TO ANTICIPATE TAX CONSEQUENCES	46	13	2.86%	\$29,893	\$388,614	0.72%	\$10,272
FAILURE TO REACT TO CALENDAR	38	15	3.30%	\$40,461	\$606,910	1.12%	\$6.012
IMPROPER WITHDRAWAL FROM REPRESENTATION	37	6	1.32%	\$33,833	\$203,000	0.38%	\$7,897
ERROR IN PUBLIC RECORD SEARCH	36	5	1.10%	\$35,700	\$178,500	0.33%	\$4,532
CLERICAL ERROR	27	6	1.32%	\$43,117	\$258,702	0.48%	\$1,230
FAIL TO FILE DOCUMENTS WITH NO DEADLINE	24	10	2.20%	\$49,500	\$495,000	0.92%	\$6,831
LIBEL OR SLANDER	21	2	0.44%	\$0	\$13,000	0.02%	\$3,288
LOST FILE, DOCUMENT OR EVIDENCE	7	3	0.66%	\$664,257	\$1,992,770	3.69%	\$5,488
ERROR IN MATHEMATICAL CALCULATION	5	3	0.66%	\$7,811	\$23,433	0.04%	\$19,184
NOT SPECIFIED	22	1	0.22%	\$0	\$55,000	0.10%	\$23,127
TOTAL	1,967	454	100.00%	\$118,953	\$54,004,521	100.00%	\$10,646

LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS CLAIMS CLOSED IN 1996

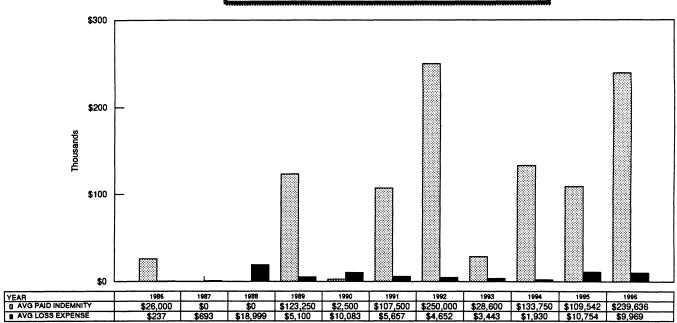
ERROR OR OMISSION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
PLANNING OR STRATEGY ERROR	53	15	18.29%	\$239,636	\$3,594,536	22.79%	\$9,969
INADEQUATE INVESTIGATION	28	6	7.32%	\$68,019	\$408,112	2.59%	\$11,476
FAIL TO KNOW OR PROPERLY APPLY THE LAW	27	11	13.41%	\$158,102	\$1,739,120	11.02%	\$3,596
FAIL TO ASCERTAIN DEADLINE CORRECTLY	26	11	13.41%	\$123,409	\$1,357,500	8.61%	\$3,118
MALICIOUS PROSECUTION OR ABUSE OF PROCESS	26	2	2.44%	\$133,000	\$266,000	1.69%	\$7,455
CONFLICT OF INTEREST	16	5	6.10%	\$741,000	\$3,705,000	23.49%	\$22,225
FAIL TO OBTAIN CLIENTS CONSENT	15	6	7.32%	\$135,833	\$815,000	5.17%	\$18,864
FRAUD	15	1	1.22%	\$11,425	\$11,425	0.07%	\$35,585
PROCRASTINATION OR LACK OF FOLLOW-UP	15	5	6.10%	\$238,900	\$1,194,500	7.57%	\$9,386
FAIL TO FOLLOW CLIENTS INSTRUCTIONS	13	1	1.22%	\$7,000	\$7,000	0.04%	\$725
VIOLATION OF CIVIL RIGHTS	13	0	0.00%	\$0	\$0	0.00%	\$2,627
FAILURE TO CALENDAR PROPERLY	8	7	8.54%	\$54,764	\$383,350	2.43%	\$4,475
OTHER	8	2	2.44%	\$8,000	\$16,000	0.10%	\$0
FAIL TO ANTICIPATE TAX CONSEQUENCES	7	2	2.44%	\$8,456	\$16,911	0.11%	\$10,756
ERROR IN PUBLIC RECORD SEARCH	4	1	1.22%	\$125,000	\$125,000	0.79%	\$13,095
IMPROPER WITHDRAWAL FROM REPRESENTATION	4	0	0.00%	\$0	\$0	0.00%	\$5,703
CLERICAL ERROR	3	2	2.44%	\$5,468	\$10,936	0.07%	\$103
FAIL TO FILE DOCUMENTS WITH NO DEADLINE	3	2	2.44%	\$55,500	\$111,000	0.70%	\$35,899
LOST FILE, DOCUMENT OR EVIDENCE	3	2	2.44%	\$981,885	\$1,963,770	12.45%	\$12,796
ERROR IN MATHEMATICAL CALCULATION	2	0	0.00%	\$0	\$0	0.00%	\$40,650
FAILURE TO REACT TO CALENDAR	$\bar{f 2}$	1	1.22%	\$50,000	\$50,000	0.32%	\$31,029
LIBEL OR SLANDER	1	0	0.00%	\$0	\$0	0.00%	\$1,296
TOTAL	292	82	100.00%	\$192,380	\$15,775,160	100.00%	\$10,465

TRENDS OF THE TOP TEN ERRORS OR OMISSIONS OF 1996

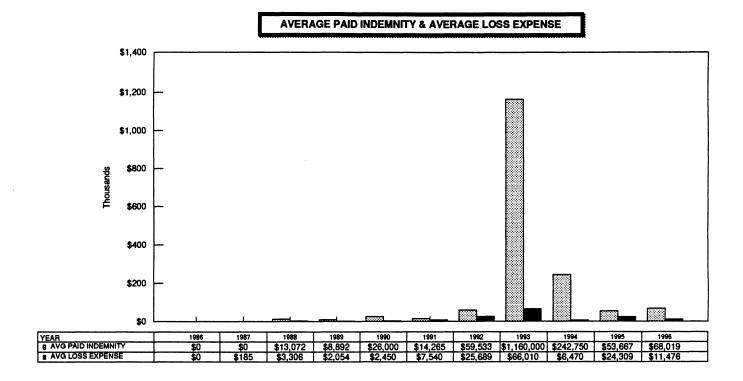
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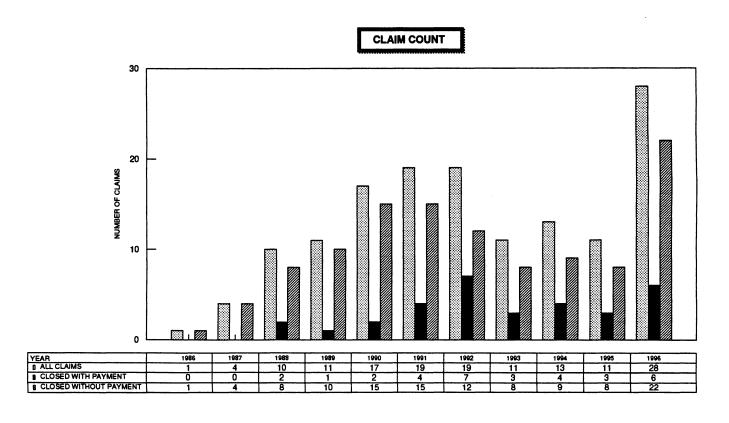
PLANNING OR STRATEGY ERROR

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

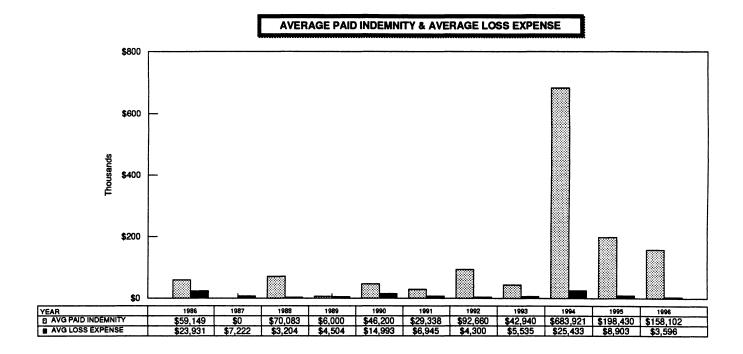


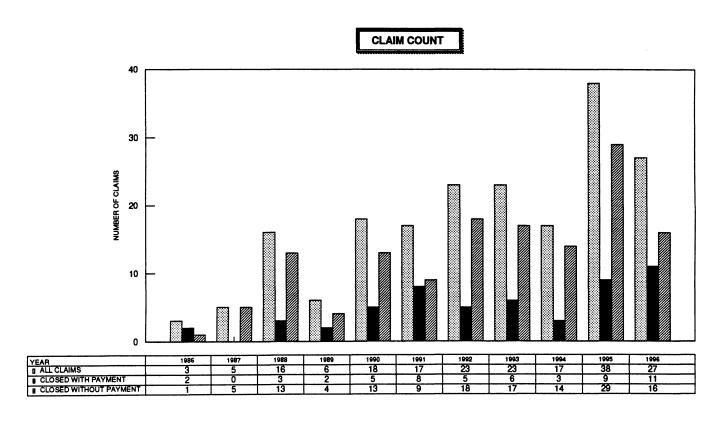
INADEQUATE INVESTIGATION





FAIL TO KNOW OR PROPERLY APPLY THE LAW





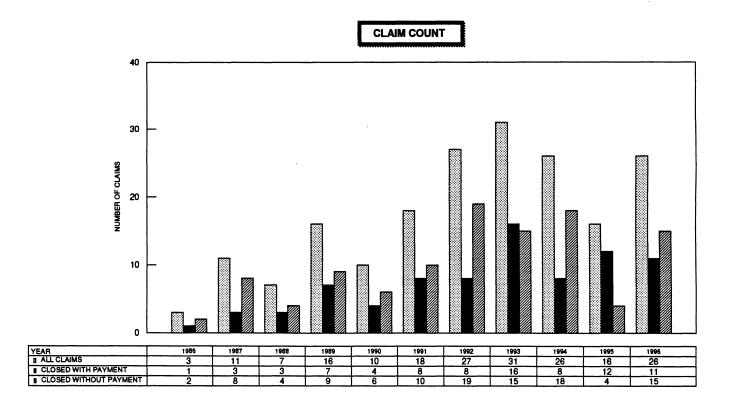
FAIL TO ASCERTAIN DEADLINE CORRECTLY

\$140 - \$100 - \$80 - \$40 -

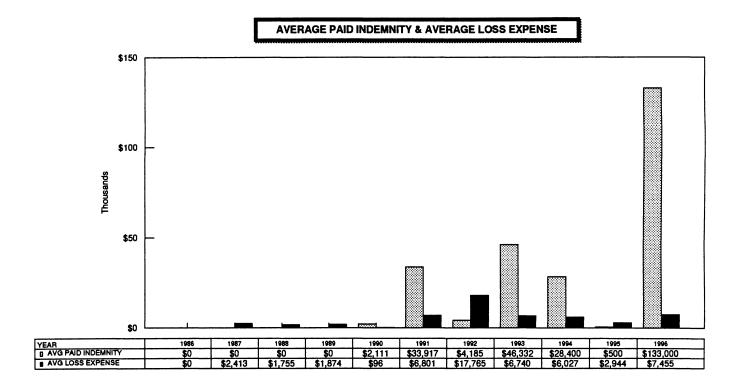
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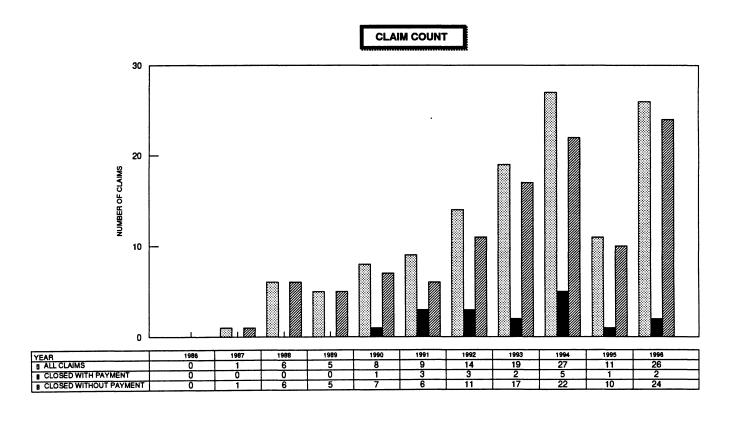
| YEAR | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 |
| U AVG PAID INDEMNITY | \$2,547 | \$35,242 | \$9,000 | \$14,214 | \$12,188 | \$38,781 | \$47,037 | \$51,336 | \$49,781 | \$101,481 | \$123,409 |
| U AVG LOSS EXPENSE | \$5,556 | \$609 | \$1,024 | \$1,153 | \$807 | \$7,934 | \$769 | \$7,844 | \$804 | \$6,883 | \$3,118

\$20

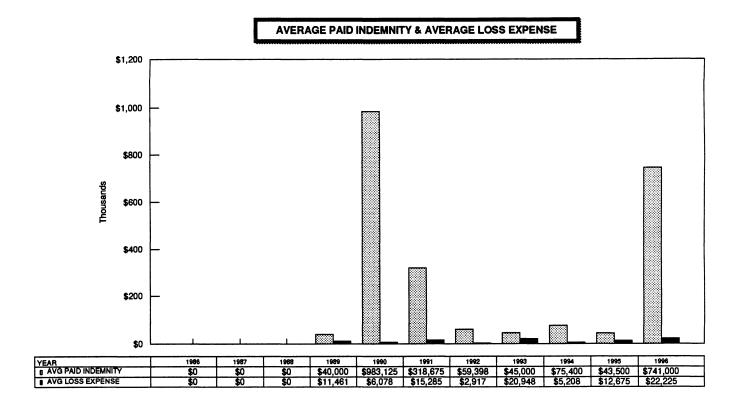


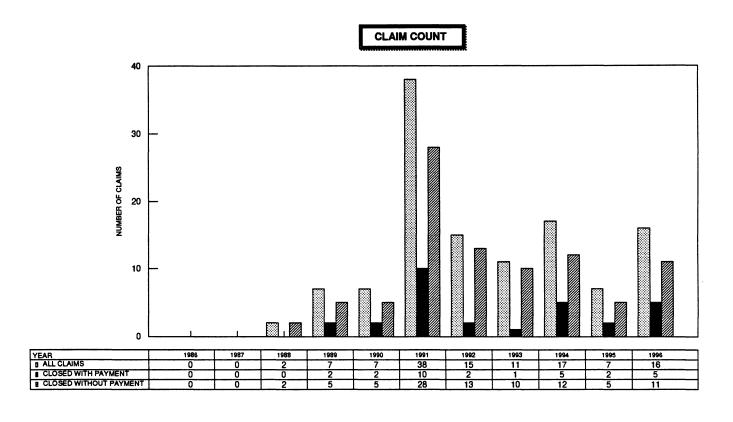
MALICIOUS PROSECUTION OR ABUSE OF PROCESS



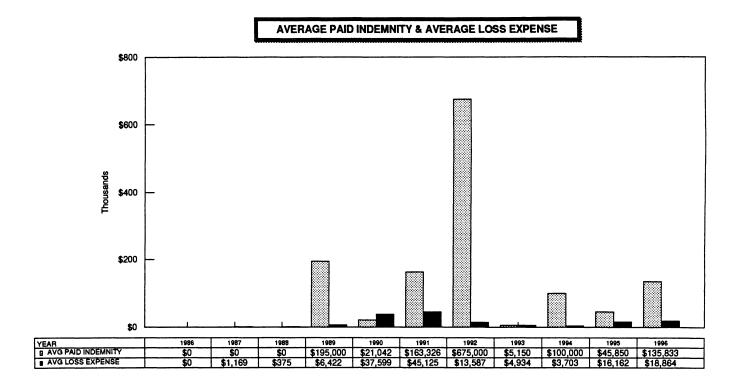


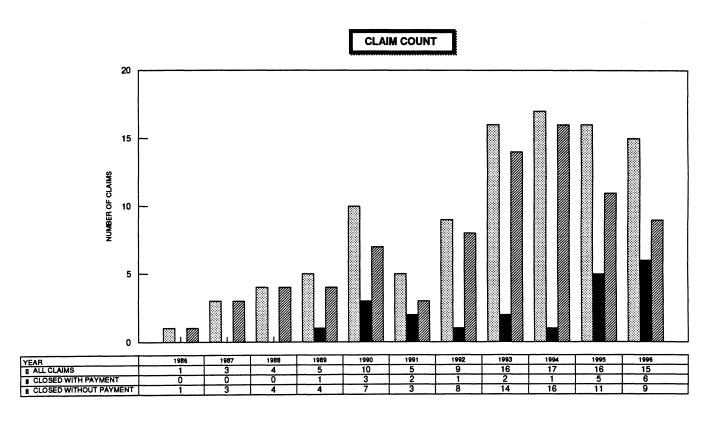
CONFLICT OF INTEREST





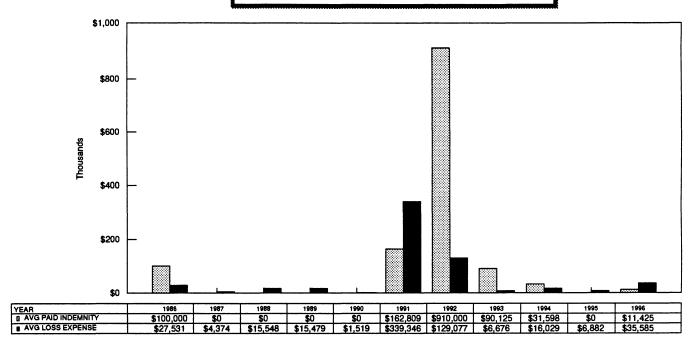
FAIL TO OBTAIN CLIENTS CONSENT

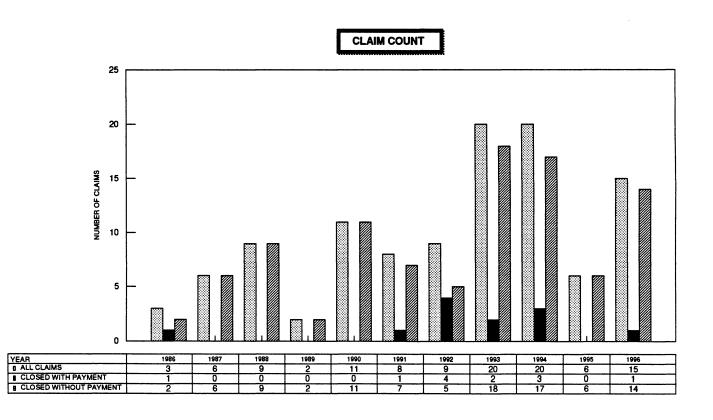




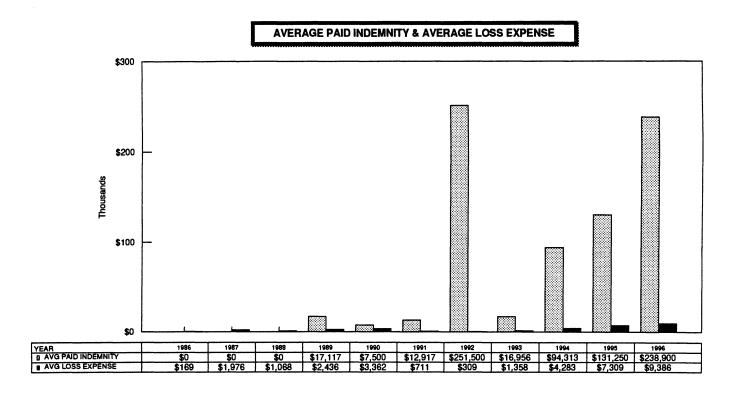
FRAUD

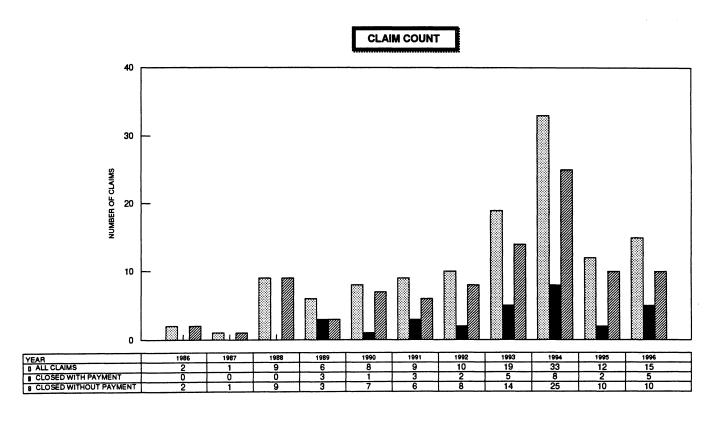
AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



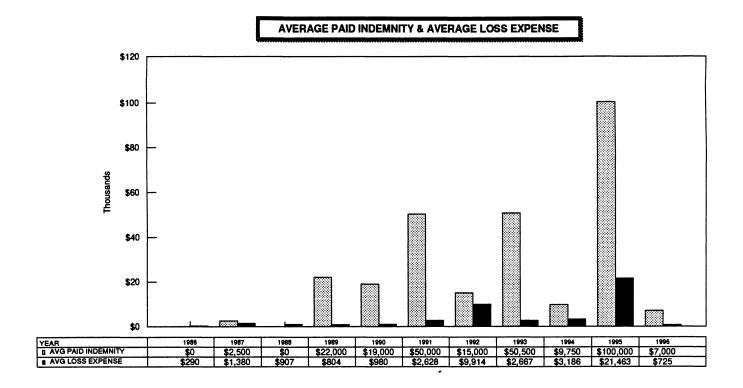


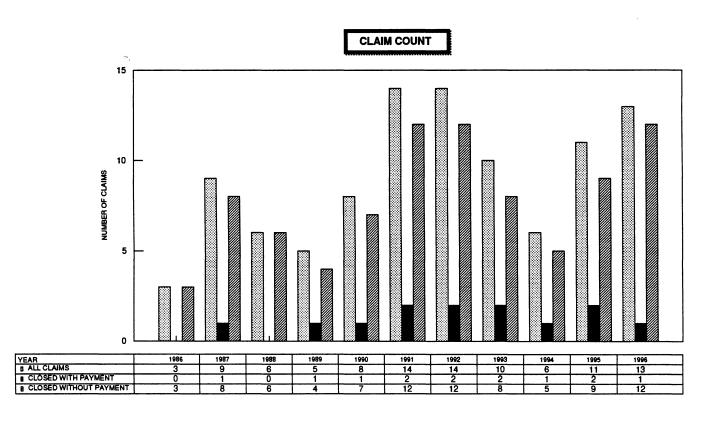
PROCRASTINATION OR LACK OF FOLLOW-UP





FAIL TO FOLLOW CLIENTS INSTRUCTIONS





ELEVEN YEAR SUMMARY & 1996 SUMMARY BY CLAIM DISPOSITIONS

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LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS FOR YEARS 1986 - 1996

CLAIM DISPOSITION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BEFORE FILING SUIT OR DEMANDING HEARING	683	198	43.61%	\$84,950	\$16,820,035	31.15%	\$2,190
BEFORE TRIAL OR HEARING	637	208	45.81%	\$128,960	\$26,823,616	49.67%	\$20,078
CLAIM OR SUIT ABANDONED	433	4	0.88%	\$203,750	\$814,998	1.51%	\$1,788
AFTER JUDGMENT, BEFORE APPEAL	71	5	1.10%	\$91,816	\$459,078	0.85%	\$9,312
AFTER APPEAL	52	11	2.42%	\$440,050	\$4,840,553	8.96%	\$63,956
DURING TRIAL OR HEARING	41	13	2.86%	\$208,578	\$2,711,516	5.02%	\$22,113
AFTER TRIAL OR HEARING, BEFORE JUDGMENT	20	2	0.44%	\$97,531	\$195,061	0.36%	\$11,571
DURING APPEAL	16	7	1.54%	\$139,095	\$973,663	1.80%	\$40,366
NOT SPECIFIED	14	6	1.32%	\$61,000	\$366,000	0.68%	\$7,881
TOTAL	1,967	454	100.00%	\$118,953	\$54,004,521	100.00%	\$10,646

LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS CLAIMS CLOSED IN 1996

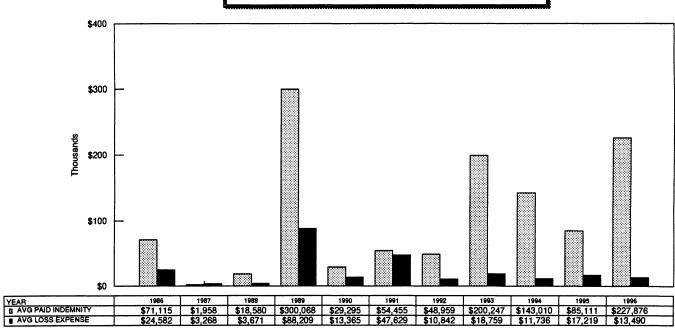
CLAIM DISPOSITION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BEFORE TRIAL OR HEARING	122	40	48.78%	\$227,876	\$9,115,022	57.78%	\$13,490
BEFORE FILING SUIT OR DEMANDING HEARING	119	35	42.68%	\$169,001	\$5,915,026	37.50%	\$2,340
CLAIM OR SUIT ABANDONED	25	. 0	0.00%	\$0	\$0	0.00%	\$1,165
AFTER APPEAL	14	2	2.44%	\$60,556	\$121,112	0.77%	\$50,779
DURING TRIAL OR HEARING	7	2	2.44%	\$162,500	\$325,000	2.06%	\$40,984
DURING APPEAL	3	3	3.66%	\$99,667	\$299,000	1.90%	\$33,806
AFTER JUDGMENT, BEFORE APPEAL	2	00	0.00%	\$ 0	\$0	0.00%	\$1,573
TOTAL	292	82	100.00%	\$192,380	\$15,775,160	100.00%	\$10,465

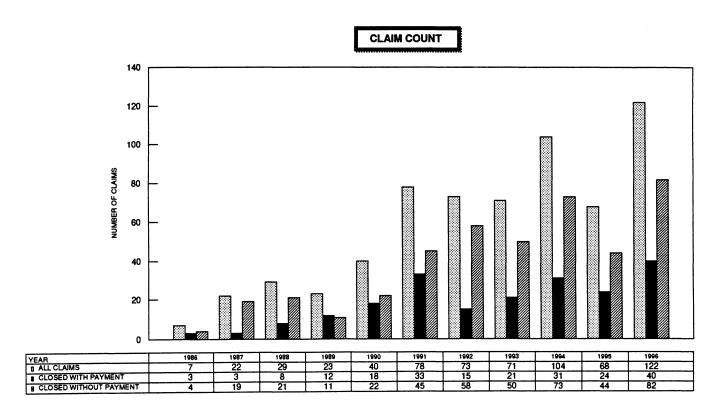
TRENDS
OF THE TOP SEVEN
CLAIM DISPOSITIONS
OF 1996

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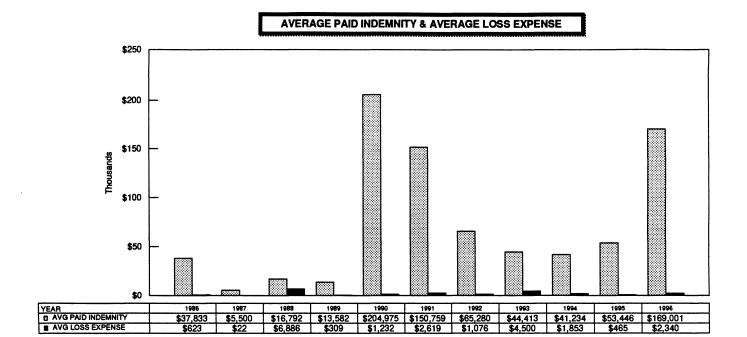
BEFORE TRIAL OR HEARING

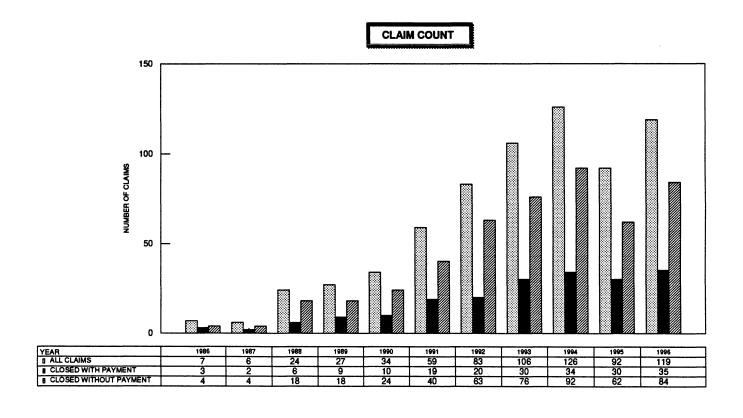
AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



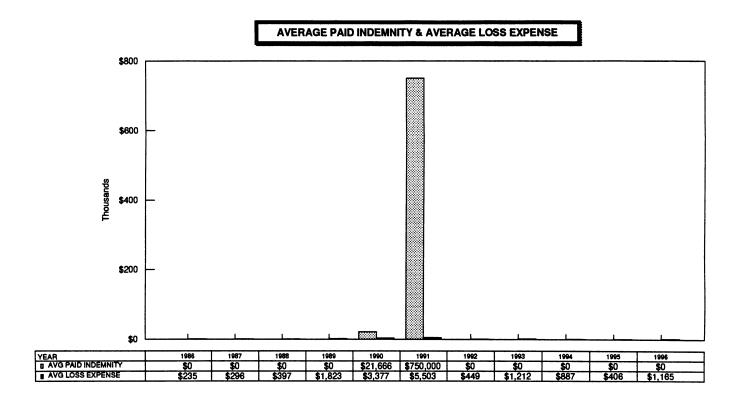


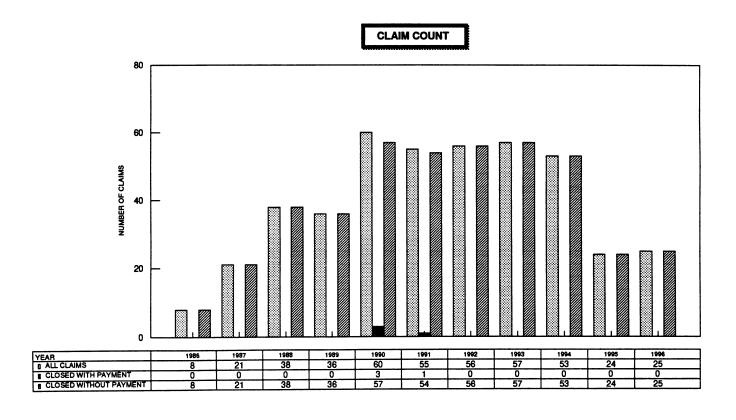
BEFORE FILING SUIT OR DEMANDING HEARING





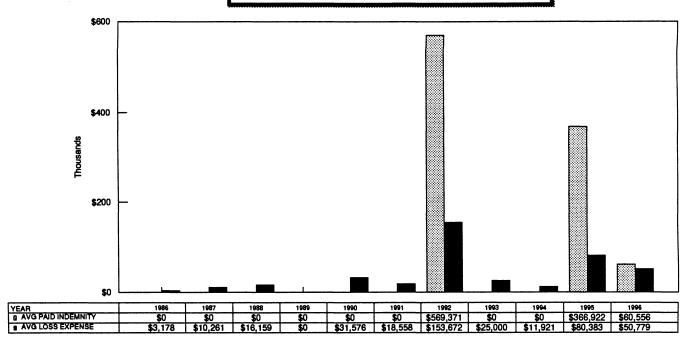
CLAIM OR SUIT ABANDONED



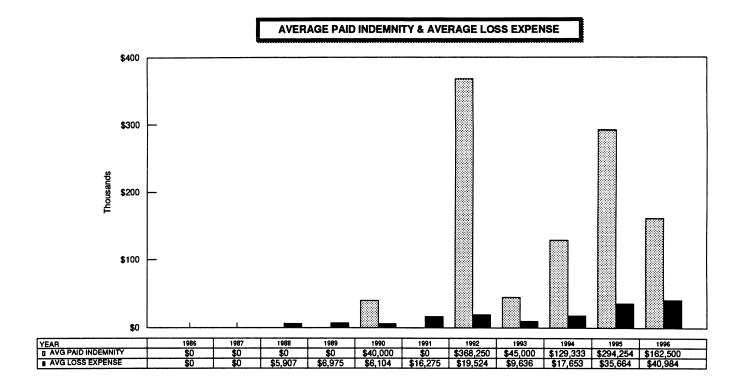


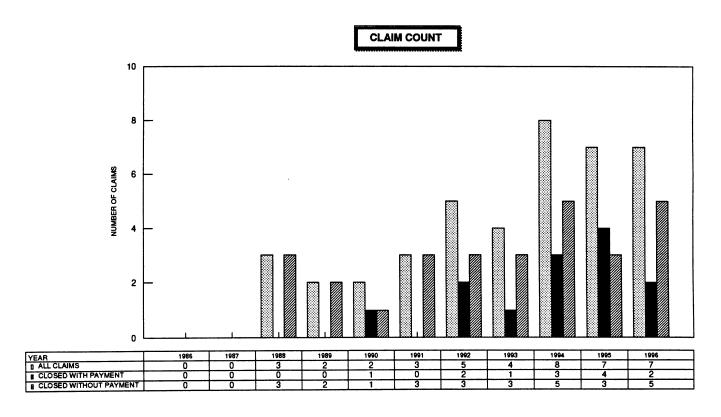
AFTER APPEAL

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



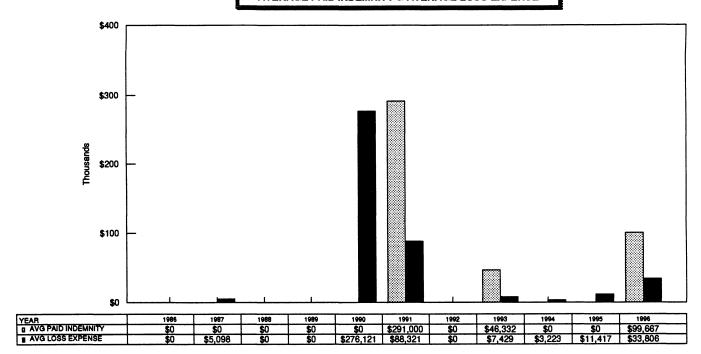
DURING TRIAL OR HEARING





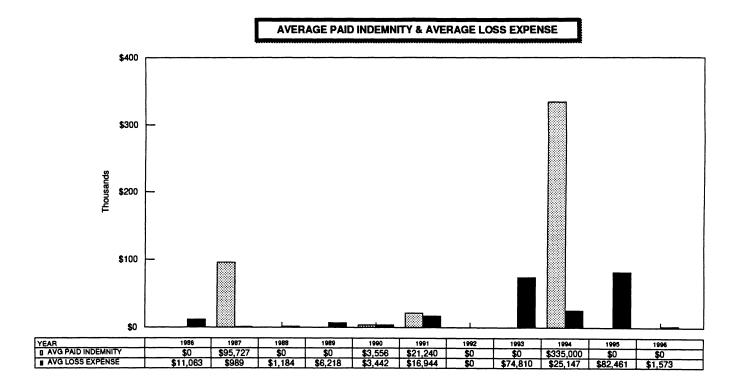
DURING APPEAL

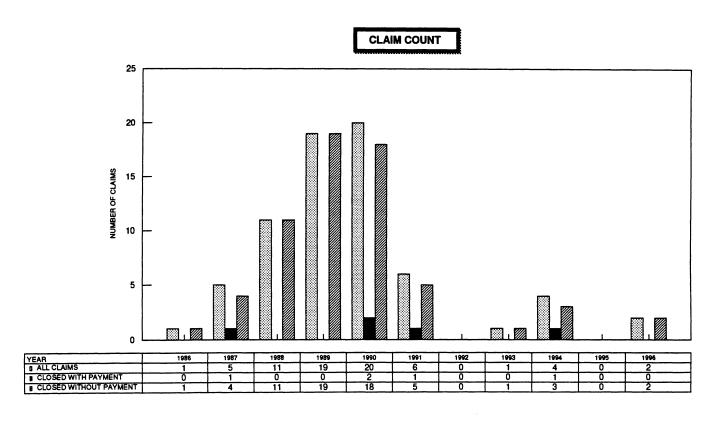
AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



| VEAR | 1986 | 1987 | 1988 | 1990 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 | 1995 |

AFTER JUDGMENT, BEFORE APPEAL





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ELEVEN YEAR SUMMARY & 1996 SUMMARY BY YEARS ADMITTED TO PRACTICE

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LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS FOR YEARS 1986 - 1996

YEARS ADMITTED TO PRACTICE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
OVER 10 YEARS 4 TO 10 YEARS UNDER 4 YEARS	1473 405 89	340 103 11	74.89% 22.69% 2.42%	\$136,414 \$64,530 \$88,828	\$46,380,849 \$6,646,560 \$977,111	85.88% 12.31% 1.81%	\$12,058 \$6,962 \$4,043
TOTAL	1,967	454	100.00%	\$118,953	\$54,004,521	100.00%	\$10,646

LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS CLAIMS CLOSED IN 1996

YEARS ADMITTED TO PRACTICE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
OVER 10 YEARS 4 TO 10 YEARS UNDER 4 YEARS	234 42 16	66 13 3	80.49% 15.85% 3.66%	\$207,998 \$99,793 \$250,000	\$13,727,847 \$1,297,313 \$750,000	87.02% 8.22% 4.75%	\$11,132 \$8,765 \$5,169
TOTAL	292	82	100.60%	\$192,380	\$15,775,160	100.00%	\$10,465

ELEVEN YEAR SUMMARY & 1996 SUMMARY BY INSURED/CLAIMANT RELATIONSHIP

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LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS FOR YEARS 1986 - 1996

INSURED'S RELATIONSHIP TO THE CLAIMANT	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
CLIENT OTHER THAN ABOVE NON-CLIENT MEMBER PRE-PAID LEGAL PLAN FREE LEGAL SERVICE	1,384 561 15 7	371 80 3 0	81.72% 17.62% 0.66% 0.00%	\$103,582 \$194,075 \$16,500 \$0	\$38,429,029 \$15,525,992 \$49,500 \$0	71.16% 28.75% 0.09% 0.00%	\$6,820 \$20,157 \$12,876 \$84
TOTAL	1,967	454	100.00%	\$118,953	\$54,004,521	100.00%	\$10,646

LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS CLAIMS CLOSED IN 1996

INSURED'S RELATIONSHIP TO THE CLAIMANT	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
CLIENT OTHER THAN ABOVE NON-CLIENT	190 101	69 13	84.15% 15.85%	\$216,008 \$66,971	\$14,904,540 \$870,620	94.48% 5.52%	\$10,729 \$10,070
FREE LEGAL SERVICE TOTAL	292	82	100.00%	\$0 \$192,380	\$0 \$15,775,160	0.00%	\$0 \$10,465

PREMIUM AND LOSS DATA

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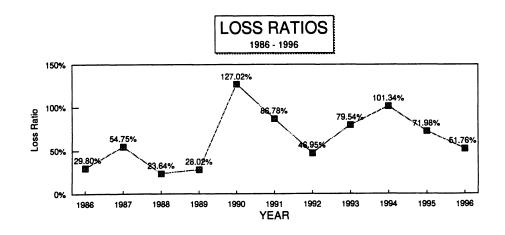
PAGE 15 SUPPLEMENT LEGAL MALPRACTICE EXPERIENCE WITH MARKET SHARE

1996 EXPERIENCE

NAIC Company Code	Company Name	Market Share	Written Premium	Earned Premium	incurred Losses	Loss Ratio
29513	The Bar Plan Mutual Insurance Company	71.757%	9,907,839	9,986,489	5,223,633	52.31%
19380	American Home Assurance Company	7.682%	1,060,647	1,187,713	160,186	13.49%
20443	Continental Casualty Company	6.461%	892.038	887.856	1,558,823	175.57%
10037	Interlex Insurance Company	4.257%	587,722	492,983	19,510	3.96%
24767	St Paul Fire & Marine Insurance Company	3.739%	516,258	601,035	243,763	40.56%
35181	Executive Risk Indemnity Inc	3.252%	449,000	616,042	304,612	49.45%
19445	National Union Fire Ins Co of Pittsburg	2.398%	331,151	278,153	46,159	16.59%
35289	The Continental Insurance Company	0.226%	31,145	28,320	9,943	35.11%
23817	Illinois National Insurance Company	0.203%	28,000	4.654	1,180	25.35%
25518	TIG Premier Insurance Company	0.027%	3,757	3,757	0	0.00%
26344	Agricultural Insurance Company	0.000%	. 0	. 0	(107,500)	N/A
21318	Coregis Insurance Company	0.000%	0	16,126	(125,795)	-780.08%
21083	International Insurance Company	0.000%	0	Ó	(17,486)	N/A
36781	VASA North Atlantic Insurance Company	0.000%	0	0	(16,766)	N/A
	Total	100.00%	13,807,557	14,103,128	7,300,262	51.76%

ELEVEN YEAR SUMMARY

Year	Written Premlum	Earned Premium	Incurred Losses	Loss Ratio
1000	5.007.444	4 000 440	057.000	00.000/
1986	5,907,114	1,200,442	357,699	29.80%
1987	9,260,469	1,391,682	761,906	54.75%
1988	11,516,685	10,804,382	2,553,682	23.64%
1989	13,470,027	13,141,708	3,682,919	28.02%
1990	13,328,666	12,830,301	16,296,819	127.02%
1991	12,851,244	12,030,069	10,439,781	86.78%
1992	12,855,840	12,776,523	5,998,657	46.95%
1993	12,862,384	13,214,324	10,510,114	79.54%
1994	16,489,175	15,654,256	15,863,938	101.34%
1995	15,119,433	16,142,706	11,619,877	71.98%
1996	13,807,557	14,103,128	7,300,262	51.76%
11-Year Total	137,468,594	123,289,521	85,385,654	69.26%



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